

## EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	New York Quality Healthcare Corporation (Fidelis)
NAIC Code:	16352
SERFF Tracking #:	FCNY-133657058
Market Segment:	Individual

**Fidelis Care New York**  
**New York State of Health – Individual Exchange Products**  
**Narrative Summary of Requested Rate Changes Effective January 1, 2024**

You recently received a letter from Fidelis Care outlining our annual proposed premium rate adjustment filing(s) with the New York State Department of Financial Services (DFS). This Narrative Summary is designed to provide a plain-language summary of the reasons for the rate adjustment. This Summary will remain posted on our website, for a minimum of 30 calendar days from the date of our letter. Please review this information carefully and contact us or DFS, as indicated in our letter, with questions within 30 days.

### The Components of Your Premium Rate

The components of Fidelis Care's (or any insurer's) annual premium are medical costs, administrative expenses, and profit. Medical costs include physician fees, inpatient and outpatient costs, pharmacy costs. Medical costs also include certain New York State assessments, called "HCRA" and "GME". These assessments are considered medical costs because they fund medical education and compensate medical providers for providing unpaid care to the poor.

Under New York state law, at least 82 cents of each premium dollar are to be paid toward medical costs. Fidelis Care anticipates paying 86 cents.

#### Some examples of administrative expenses are:

- Fees including assessments to fund the DFS and assessments to fund risk equalization among insurers.
- Taxes including the NYS Premium Tax, MTA Surcharge and Federal Income Tax.
- Development and maintenance of computer systems and office buildings to comply with the demands of rapidly changing health care requirements.
- Costs for improving health, including consumer education and web-based consumer support tools, promotion of wellness, and programs for managing chronic and complex medical conditions.
- Maintaining the provider network as well as measuring quality and efficiency of providers.
- Operating costs for items such as processing claims, correspondence and appeals, answering members' questions and providing customer service.

Fidelis Care anticipates that approximately 0.5 cents of every premium dollar will go to profit.

### **Why are rates changing?**

Each year, Fidelis Care is required to review its experience and determine whether a change in premium rates is necessary. Fidelis Care files suggested premium rates with the DFS for evaluation.

When deciding how to change premium rates, Fidelis Care assesses its recent experience and current situation, and estimates how much medical costs will change in the future.

Having recently completed this evaluation, Fidelis Care is requesting the premium increases that appear in the attached Exhibit 13a. If approved, the increases will be added to the 2023 premium starting January 1, 2024. The rate increase affects 57,654 policyholders and 79,767 members.

It is important to note that your final premium increase or decrease will likely differ from the initial letter you received, which represents a requested but not yet approved premium adjustment. Please contact us to confirm your final rates. Most Fidelis Care members receive premium subsidies from the Federal government which lower their overall cost. The level of these subsidies depending on family income and size as well as the premium rates for other insurers.

### Fidelis Care's rate filing is driven by five primary considerations:

- Adjustment from actual experience to pricing
- Anticipated higher medical and pharmacy costs and greater use of services by our members utilization
- Legislative impacts contingent on a proposed Essential Plan (EP) expansion. If this expansion does not go into effect, the rate increase will be lower.
- Risk Adjustment transfer payment that considers the level of illness of our members
- Changes in the age and gender of those we cover as well as their level of health and wellness

Based on the drivers of the premium changes listed above, we will increase the rate by approximately 18.2% from 2023 to 2024.

Rate increases also may vary by metal plan and region. Plan variation is based on differences in cost-sharing, not differences in health status. For both plan and region, the variation is based on actual Individual Market experience.

The breakdown of the drivers is included in the following table:

Key Drivers	2024 Rate Increase Requested
Adjustment from actual experience to pricing	14.3%
Trend	5.2%
1332 Waiver - EP Expansion	3.2%
Risk Adjustment Transfer Payment	0.8%
Demographic and Morbidity Shifts	-5.3%
<b>Total</b>	<b>18.2%</b>

### Final Rate Increase

Please be aware that your final renewal premium adjustment for 2024 may be different than the percentages listed in Exhibit 13a. The Superintendent of Financial Services may approve (as requested), modify or deny the proposed rate adjustment. Your final premium is also contingent on the approval of the EP expansion as mentioned previously, the rate adjustment approved by the New York State DFS, and finally the impact of any premium subsidies provided by the federal government.

EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company	New York Quality Healthcare Corporation (Fidelis)
NAIC Code:	16352
SERFF Tracking #:	FCNY-133657058
Market Segment:	Individual

- 1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
- 2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2024 Exhibit 13b - Narrative Summary.docx")
- 3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
- 8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9 Links should be provided on key pages of the company's website so that the information may be easily located.
- 10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11 Rate Change Adjustment calculations between Year 2023 and 2024 should be based on the DFS Membership Survey data as of 3/31/2023.
- 12 This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2023 and 2024 Premium Rates:

- 1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2023 and Columns U-Y for 2024)
- 2 Premium Rates for 2024 should be Consistent with the Premium Rates reflected in Exhibit 23.

	Average Individual Rate Platinum	Average Individual Rate Gold	Average Individual Rate Silver	Average Individual Rate Bronze	Average Individual Rate Catastrophic
2023 Weighted Average Base Premium Rates	\$ 1,051.46	\$ 846.33	\$ 632.74	\$ 482.71	\$ 209.32
2024 Weighted Average Base Premium Rates	\$ 1,246.02	\$ 1,002.86	\$ 748.03	\$ 568.65	\$ 249.68

B. Weighted Average Annual Percentage Requested Adjustments:

	2023 to 2024	2023 Weighted Average PMPM Rate All - Metals	2024 Weighted Average PMPM Rate All - Metals
Requested Rate Adjustment	18.15220%	\$ 594.24	\$ 702.11

From Cells Q-74 and Z-74 of Exhibit 13c

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years [If Applicable]\*:

	2021 to 2022	2022 to 2023
Average Rate Adjustment Requested	3.70000%	23.18131%
Average Rate Adjustment Approved	-0.10000%	12.37100%

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]\*:

	2020	2021	2022	Projected 2023	Projected 2024
MLR	79.6%	89.4%	104.2%	97.2%	84.7%

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 18 Supplement for 2021-2023 and Comparable Exhibits for 2021] [If Applicable]\*:

	2022	2023	2024
Annual Claim Trend Rates	5.0%	7.0%	3.1%
Expense Ratios	14.0%	12.4%	13.2%
Pre Tax Profit Ratios	0.5%	0.5%	0.5%

\* If no products were offered in a particular year, indicate "N/A" in the applicable box.